

## Message Text

UNCLASSIFIED

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ACTION EB-08

INFO OCT-01 NEA-10 ISO-00 FEA-01 AGRE-00 CEA-01  
CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05  
L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05 SS-15  
STR-04 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01  
XMB-04 OPIC-06 /104 W  
-----024532 071455Z /50

R 071253Z AUG 77

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 3254

INFO AMCONSUL KARACHI

AMCONSSUL LAHORE

UNCLAS ISLAMABAD 8038

E.O. 11652: N/A

TAGS: ETRD, PK

SUBJ: PAKISTAN IMPORT REGIME

REF: (A) STATE 174680, (B) ISLAMABAD 6480 (C) ISLAMABAD 6950

1. FOLLOWING IS CLARIFICATION AND ADDITIONAL ANALYSIS  
OF BALANCE OF PAYMENTS IMPLICATIONS OF MEASURES REPORTED  
REFTEL B. ANSWERS ARE KEYED TO NUMBERED PARAS REFTEL A.

2. PARA 2: YOUR UNDERSTANDING IS CORRECT; A 10 PERCENT  
INCREASE WAS IMPOSED IN 1976, AND AN ADDITIONAL 20 PERCENT  
IS BEING ADDED FOR 1977-78. THIS IS A SIGNIFICANT  
INCREASE TO PRE-EXISTING TARIFFS AND IS EXPECTED BY THE GOP  
TO INCREASE REVENUES BY APPROXIMATELY 500 MILLION RUPEES

3. PARA 3: BUILDING BOARDS ARE THE THIRD CATEGORY.  
TARIFF INCREASED FROM 85 PERCENT TO 100 PERCENT.

4. ZERO MARGIN ON LETTERS OF CREDIT (L/C) ON ITEMS  
MENTIONED PARA 6 REF B IS AN EXEMPTION FROM L/C  
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MARGIN REQUIREMENTS OF 25 PERCENT. STATEMENT IN PARA 7  
REF B SHOULD READ, QUOTE ... AND SLIGHT INCREASE IN  
COSTS OF INDUSTRIAL MACHINERY AS TARIFFS INCREASE.  
END QUOTE. STATEMENTS THAT THE MARGIN REQUIREMENTS IS  
UNCHANGED WAS AN ERROR.

5. WE GAVE WEIGHT TO MARGIN REQUIREMENTS IN THE

FOLLOWING MANNER: THE INTEREST RATE ON MONEY BORROWED TO FINANCE LETTERS OF CREDIT IS USUALLY 13-14 PERCENT. THE AVERAGE L/C REMAINS OPEN FOR SIX MONTHS. (CONSIDERING SHIPPING TIMES AND OTHER DELIVERY DELAYS A HIGH PROPORTION OF L/C'S WILL REMAIN OPEN FOR ALMOST THE FULL SIX MONTHS AND SOMETIMES MORE.) DEPENDING ON WHETHER THIS MARGIN REQUIREMENTS IS .25 OR .40 OF THE VALUE OF THE IMPORT, WE CONCLUDED THAT THE MARGIN REQUIREMENT PROBABLY ADDS ONE TO THREE PERCENT TO THE COST OF IMPORTED GOODS. NOTE THAT THESE ARE ESTIMATES. WHILE IMPORTERS DISLIKE THE L/C SYSTEM, THEY LIKE IT BETTER THAN THE ALTERNATIVES, SUCH AS QUANTITATIVE RESTRICTIONS.

6. RE REQUEST IN PARA 6: THE EMBASSY HAS PROVIDED, IN FULFILLMENT OF CERP 009, A COMPLETE SET OF DOCUMENTS

ON THE 1977-78 BUDGET AND THE NEW IMPORT REGIME. THESE DOCUMENTS WERE POUCHED ON JULY 6 AND WERE DIRECTED TO INR, NEA/PAB, AND THE STATE DEPARTMENT LIBRARY. THE DEPARTMENT LIBRARY ALSO SUBSCRIBES TO THE GAZETTE OF PAKISTAN IN WHICH ALL IMPORT RELATED POLICIES ARE PUBLISHED. THE NUMBER CONTAINING THE LATEST REGULATIONS HAS NOT YET BEEN PUBLISHED. FOR YOUR FURTHER INFORMATION, WE HAVE POUCHED TO NEA/PAB AN ADDITIONAL COPY OF THE 1977-78 BUDGET SPEECH  
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RELATING TO IMPORTS, AND THE GOP'S JUNE 29 PRESS RELEASE ON THE 1977-78 IMPORT REGULATIONS.  
HUMMEL

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** IMPORTS, POLICIES, IMPORT CONTROLS, TARIFFS  
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**Disposition Case Number:** n/a  
**Disposition Comment:**  
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**Disposition Remarks:**  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Reference:** 77 STATE 174680, 77 ISLAMABAD 6480, 77 ISLAMABAD 6950  
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**Review Exemptions:** n/a  
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**Review Release Event:** n/a  
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**Review Withdrawn Fields:** n/a  
**SAS ID:** 1681170  
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**Status:** NATIVE  
**Subject:** PAKISTAN IMPORT REGIME  
**TAGS:** ETRD, PK  
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**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
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